

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Oxford	County Oakland
Fiscal Year End December 31, 2006	Opinion Date May 29, 2007	Date Audit Report Submitted to State June 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

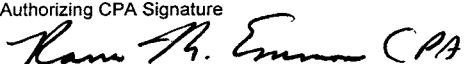


Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Post, Smythe, Lutz and Ziel of Plymouth LLP		Telephone Number 248-644-9125	
Street Address 3707 W. Maple Road, Suite 101		City Bloomfield Hills	State MI
		Zip 48301	
Authorizing CPA Signature 	Printed Name Rana M. Emmons, CPA		License Number 1101022716

**CHARTER TOWNSHIP OF OXFORD  
Oakland County, Michigan**

**AUDITED FINANCIAL REPORT**

**For the Fiscal Year Ended  
December 31, 2006**

CHARTER TOWNSHIP OF OXFORD  
For the Year Ended December 31, 2006

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For the Year Ended December 31, 2006

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## FINANCIAL SECTION

# POST, SMYTHE, LUTZ and ZIEL

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*Certified Public Accountants*

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## Independent Auditor's Report

May 29, 2007

To the Board of Trustees  
Charter Township of Oxford  
Oxford, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oxford, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Oxford's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oxford as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees  
Charter Township of Oxford, Michigan  
May 29, 2007

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Township of Oxford's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in black ink that reads "Post, Smythe, Lutz + Ziel of Plymouth". The signature is written in a cursive, flowing style.

Post, Smythe, Lutz and Ziel of Plymouth LLP  
Certified Public Accountants

## Management's Discussion and Analysis

As management of Charter Township of Oxford, we offer readers of Charter Township of Oxford's financial statements this narrative overview and analysis of the financial activities of Charter Township of Oxford for the fiscal year ended December 31, 2006.

### Financial Highlights

- The assets of Charter Township of Oxford exceeded its liabilities at the close of the most recent fiscal year by \$23,928,383 (*net assets*). Of this amount, \$11,407,555 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$4,102,073, a decrease of \$585,339 in comparison with the prior year. Approximately 96 percent of this amount, \$3,919,474 is *available for spending* at the government's discretion (*unreserved fund balance*).
- Charter Township of Oxford's total long-term debt decreased by \$502,050 during the current fiscal year, which is the net amount of annual debt service payments less the issuance of new debt for park land.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Charter Township of Oxford's basic financial statements. Charter Township of Oxford's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Charter Township of Oxford's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Charter Township of Oxford's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Charter Township of Oxford is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Charter Township of Oxford that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Charter Township of Oxford include general government, public safety, planning and zoning, public works, and recreation and culture. The business-type activities of Charter Township of Oxford include the water and sewer system. The government-wide financial statements can be found on pages 10-12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Charter Township of Oxford, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Charter Township of Oxford can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Charter Township of Oxford maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Contracting Fund, Parks and Recreation Fund, Fire & EMS Fund, Library Fund, and the Building and Site Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

A budgetary comparison statement has been provided for the General, Police Contracting, Parks and Recreation, Fire & EMS and Library Funds to demonstrate compliance with the annual appropriated budget.

**Proprietary funds.** Charter Township of Oxford maintains two proprietary funds which are classified as an enterprise fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Charter Township of Oxford used enterprise funds to account for its water and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, both of which are considered to be major funds of Charter Township of Oxford.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Charter Township of Oxford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 47-54 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Charter Township of Oxford, assets exceeded liabilities by \$23,928,383 at the close of the most recent fiscal year.

A significant portion of Charter Township of Oxford's net assets (52 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Charter Township of Oxford used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Charter Township of Oxford's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Charter Township of Oxford's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 4,937,356	\$ 5,844,228	\$ 11,642,693	\$ 16,991,036	\$ 16,580,049	\$ 22,835,264
Capital Assets	13,248,522	11,656,333	14,860,097	9,239,695	28,108,619	20,896,028
Total Assets	18,185,878	17,500,561	26,502,790	26,230,731	44,688,668	43,731,292
Long-term Liabilities						
Outstanding	8,763,888	9,265,938	10,700,000	10,700,000	19,463,888	19,965,938
Other Liabilities	835,283	1,156,816	461,114	927,232	1,296,397	2,084,048
Total Liabilities	9,599,171	10,422,754	11,161,114	11,627,232	20,760,285	22,049,986
Net Assets:						
Invested in Capital Assets,						
net of related debt	4,484,634	2,390,395	7,853,595	7,322,620	12,338,229	9,713,015
Restricted	182,599	1,532,670	-	-	182,599	1,532,670
Unrestricted	3,919,474	3,154,742	7,488,081	7,280,879	11,407,555	10,435,621
Total Net Assets	\$ 8,586,707	\$ 7,077,807	\$ 15,341,676	\$ 14,603,499	\$ 23,928,383	\$ 21,681,306

An additional portion of Charter Township of Oxford's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$11,407,555) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Charter Township of Oxford is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The governmental net assets increased by \$1,508,900 during the current fiscal year, as presented:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Revenues:						
Charges for Services	\$ 1,471,005	\$ 1,286,994	\$ 1,473,350	\$ 1,063,060	\$ 2,944,355	\$ 2,350,054
Operating Grants & Contributions	71,109	119,577	-	-	71,109	119,577
Capital Grants & Contributions	86,466	12,628	968,077	1,603,020	1,054,543	1,615,648
General Revenues:						
Property Taxes	7,364,187	5,821,456	-	-	7,364,187	5,821,456
State Shared Revenues	934,400	955,598	-	-	934,400	955,598
Unrestricted Investment Earnings	385,059	466,213	354,075	221,911	739,134	688,124
Other	173,863	120,931	-	-	173,863	120,931
Total Revenues	<u>10,486,089</u>	<u>8,783,397</u>	<u>2,795,502</u>	<u>2,887,991</u>	<u>13,281,591</u>	<u>11,671,388</u>
Program Expenses						
General Government	1,990,578	1,555,306	-	-	1,990,578	1,555,306
Public Safety	3,915,867	3,482,290	-	-	3,915,867	3,482,290
Planning and Zoning	156,113	149,296	-	-	156,113	149,296
Public Works	60,519	58,653	-	-	60,519	58,653
Recreation and Cultural	2,388,516	2,348,227	-	-	2,388,516	2,348,227
Other	31,171	61,688	-	-	31,171	61,688
Interest on Long-Term Debt	434,425	455,611	-	-	434,425	455,611
Water and Sewer	-	-	2,057,325	1,625,554	2,057,325	1,625,554
Total Expenses	<u>8,977,189</u>	<u>8,111,071</u>	<u>2,057,325</u>	<u>1,625,554</u>	<u>11,034,514</u>	<u>9,736,625</u>
Change in Net Assets	<u>\$ 1,508,900</u>	<u>\$ 672,326</u>	<u>\$ 738,177</u>	<u>\$ 1,262,437</u>	<u>\$ 2,247,077</u>	<u>\$ 1,934,763</u>

**Business-type activities.** Business-type activities increased Charter Township of Oxford's net assets by \$738,177 which is a result of \$968,077 of capital contributions in the current year.

### Financial Analysis of the Government's Funds

As noted earlier, Charter Township of Oxford used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Charter Township of Oxford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Charter Township of Oxford's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charter Township of Oxford's governmental funds reported combined ending fund balances of \$4,102,073, a decrease of \$585,339 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 96% of the total fund

available for spending at the government's discretion, represents 96% of the total fund balance. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to uphold contracts or bond agreements (\$182,599).

The general fund is the chief operating fund of Charter Township of Oxford. At the end of the current fiscal year, unreserved and total fund balance was \$1,280,111. As a measure of the general funds' liquidity, it may be useful to compare fund balances to total fund expenditures. Fund balance represents 81 percent of total general fund expenditures.

The fund balance of Charter Township of Oxford's general fund increased by \$239,474 during the current fiscal year. Revenues exceeded expenditures by \$786,842. Transfers to Special Revenue Funds of \$131,368 were made to augment operating activities and \$416,000 was transferred to the Consent Judgment Special Revenue Fund to satisfy a consent judgment agreement with the Village of Oxford.

In May 2005, the voters approved 2 new millages which were for fire and emergency medical services operations, and for advanced life support operations. As a result of the new millages, the Charter Township of Oxford and the Village of Oxford are in the process of dissolving the Oxford Public Fire and EMS Commission, as the Township will now provide these services to all residents of the Township and Village. The Township reflects the new millages in 2 new special revenue funds in the financial statements, the Fire & EMS Fund and the Advanced Life Support Fund.

**Proprietary funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Funds totaled \$7,488,081 at the end of the year. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oxford's business-type activities.

### **General Fund Budgetary Highlights**

The differences between the beginning and final budgets represent a little over 5% change in the original spending plan; budgets were amended to reflect small departmental variances, and an additional transfer to NOTA to maintain service to Township residents.

### **Capital Asset and Debt Administration**

**Capital assets.** Charter Township of Oxford's investment in capital assets for its governmental and business type activities as of December 31, 2006, amounts to \$28,108,619 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the water and sewer systems. The investment in fixed assets increased by \$7,212,591 due primarily to the current water project, completion of the new Township hall building, and purchase of park land, net of depreciation expense.

**Long-term debt.** At the end of the current fiscal year, Charter Township of Oxford had total bonded debt outstanding of \$19,275,000 and \$171,794 of installment loans payable. All of Charter Township of Oxford's debt represents general obligation debt backed by the full faith and credit of Charter Township of Oxford, subject to constitutional limit.

Additional information on Charter Township of Oxford's long-term debt can be found in note IV. D. on page 36 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget may bring further reductions in state shared revenues. State shared revenues are expected to remain level in the 2007 fiscal year. Property tax revenue will show modest gains from new development, somewhat offset by required tax rate roll backs. Tax levies for fire, emergency medical services, and advanced life support operations were approved by the voters in May of 2006, which will continue to have a positive impact on the 2007 budget.

These factors were considered in preparing Charter Township of Oxford's budget for the 2007 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of Charter Township of Oxford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Supervisor, 300 Dunlap, Oxford, MI 48371.

## BASIC FINANCIAL STATEMENTS

**CHARTER TOWNSHIP OF OXFORD****Statement of Net Assets****December 31, 2006**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 4,554,806	\$ 7,521,888	\$ 12,076,694
Receivables (net of allowance for uncollectibles):			
Accounts	122,655	341,852	464,507
Notes	10,000	-	10,000
Due from Other Funds	22,138	-	22,138
Due from Other Units	187,604	335,455	523,059
Restricted Cash	-	3,443,498	3,443,498
Prepaid Expenditures	40,153	-	40,153
Capital Assets (net of Accumulated Depreciation)	13,248,522	14,860,097	28,108,619
Total Assets	<u>18,185,878</u>	<u>26,502,790</u>	<u>44,688,668</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	509,565	455,885	965,450
Accrued Liabilities	69,858	-	69,858
Due to Other Funds	16,909	5,229	22,138
Deferred Revenue	238,951	-	238,951
Noncurrent Liabilities:			
Due within one year	754,926	250,000	1,004,926
Due in more than one year	8,008,962	10,450,000	18,458,962
Total Liabilities	<u>9,599,171</u>	<u>11,161,114</u>	<u>20,760,285</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, net of related debt	4,484,634	7,853,595	12,338,229
Restricted for:			
Capital Projects	149,541	-	149,541
Debt Service	33,058	-	33,058
Unrestricted	3,919,474	7,488,081	11,407,555
Total Net Assets	\$ <u>8,586,707</u>	\$ <u>15,341,676</u>	\$ <u>23,928,383</u>

**CHARTER TOWNSHIP OF OXFORD**  
**Statement of Activities**  
**For the Year Ended December 31, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
General Government	\$ 1,990,578	\$ 529,365	\$ 13,523	\$ 47,306
Public Safety	3,915,867	315,802	7,454	39,160
Planning and Zoning	156,113	33,925	-	-
Public Works	60,519	-	-	-
Health and Welfare	31,171	-	25,065	-
Recreation and Cultural	2,388,516	591,913	25,067	-
Interest on Long-Term Debt	434,425	-	-	-
Total Governmental Activities	<u>8,977,189</u>	<u>1,471,005</u>	<u>71,109</u>	<u>86,466</u>
Business-type Activities:				
Water	787,234	324,093	-	835,927
Sewer	1,270,091	1,149,257	-	132,150
Total Business-type Activities	<u>2,057,325</u>	<u>1,473,350</u>	<u>-</u>	<u>968,077</u>
Total	\$ <u>11,034,514</u>	\$ <u>2,944,355</u>	\$ <u>71,109</u>	\$ <u>1,054,543</u>

General Revenues:

Property Taxes

State Shared Revenue

Franchise Fees

Unrestricted Investment Earnings

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,400,384)	\$ -	\$ (1,400,384)
(3,553,451)	-	(3,553,451)
(122,188)	-	(122,188)
(60,519)	-	(60,519)
(6,106)	-	(6,106)
(1,771,536)	-	(1,771,536)
(434,425)	-	(434,425)
<u>(7,348,609)</u>	<u>-</u>	<u>(7,348,609)</u>
-	372,786	372,786
-	11,316	11,316
<u>-</u>	<u>384,102</u>	<u>384,102</u>
<u>(7,348,609)</u>	<u>384,102</u>	<u>(6,964,507)</u>
7,364,187	-	7,364,187
934,400	-	934,400
173,863	-	173,863
385,059	354,075	739,134
<u>8,857,509</u>	<u>354,075</u>	<u>9,211,584</u>
1,508,900	738,177	2,247,077
<u>7,077,807</u>	<u>14,603,499</u>	<u>21,681,306</u>
\$ <u><u>8,586,707</u></u>	\$ <u><u>15,341,676</u></u>	\$ <u><u>23,928,383</u></u>

**CHARTER TOWNSHIP OF OXFORD**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire &amp; EMS</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 1,085,119	\$ 532,962	\$ 278,647	\$ 189,373
Receivables (net of allowance for uncollectibles):				
Accounts	23,268	4,353	-	-
Notes	-	-	-	-
Due from Other Funds	21,599	-	-	-
Due from Other Units	187,604	-	-	-
Prepaid Expenditures	<u>13,542</u>	<u>1,926</u>	<u>8,783</u>	<u>5,214</u>
Total Assets	\$ <u><u>1,331,132</u></u>	\$ <u><u>539,241</u></u>	\$ <u><u>287,430</u></u>	\$ <u><u>194,587</u></u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts Payable	\$ 43,540	\$ 159,965	\$ 12,279	\$ 94,500
Accrued and Other Liabilities	6,851	-	-	44,161
Due to Other Funds	539	-	-	-
Deferred Revenue	<u>91</u>	<u>125,326</u>	<u>42,997</u>	<u>-</u>
Total Liabilities	<u>51,021</u>	<u>285,291</u>	<u>55,276</u>	<u>138,661</u>
Fund Balances:				
Reserved for:				
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Unreserved for:				
General Fund	1,280,111	-	-	-
Special Revenue Funds	<u>-</u>	<u>253,950</u>	<u>232,154</u>	<u>55,926</u>
Total Fund Balances	<u>1,280,111</u>	<u>253,950</u>	<u>232,154</u>	<u>55,926</u>
Total Liabilities and Fund Balances	\$ <u><u>1,331,132</u></u>	\$ <u><u>539,241</u></u>	\$ <u><u>287,430</u></u>	\$ <u><u>194,587</u></u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Assets of Governmental Activities

<u>Library</u>	<u>Building and Site</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 930,745	\$ 313,054	\$ 1,224,906	\$ 4,554,806
-	-	95,034	122,655
10,000	-	-	10,000
-	-	539	22,138
-	-	-	187,604
-	-	10,688	40,153
<u>\$ 940,745</u>	<u>\$ 313,054</u>	<u>\$ 1,331,167</u>	<u>\$ 4,937,356</u>

\$ 8,932	\$ 163,513	\$ 26,836	\$ 509,565
15,240	-	3,606	69,858
-	-	16,370	16,909
70,414	-	123	238,951
<u>94,586</u>	<u>163,513</u>	<u>46,935</u>	<u>835,283</u>

-	149,541	-	149,541
-	-	33,058	33,058
-	-	-	1,280,111
846,159	-	1,251,174	2,639,363
<u>846,159</u>	<u>149,541</u>	<u>1,284,232</u>	<u>4,102,073</u>
<u>\$ 940,745</u>	<u>\$ 313,054</u>	<u>\$ 1,331,167</u>	

13,248,522

(8,763,888)

\$ 8,586,707

**CHARTER TOWNSHIP OF OXFORD**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2006**

	<u>General</u>	<u>Police Contracting</u>	<u>Parks and Recreation</u>	<u>Fire &amp; EMS</u>
<b><u>Revenues</u></b>				
Property Taxes	\$ 736,068	\$ 1,882,267	\$ 655,581	\$ 1,150,806
Licenses and Permits	20,549	-	-	-
Intergovernmental:				
Federal, State and Local	958,232	26,772	3,085	3,216
Charges for Services	59,120	46,946	503,601	3,999
Fines and Forfeitures	-	60,382	-	-
Franchise Fees	-	-	-	-
Interest	127,079	47,921	21,985	24,340
Other	467,112	-	58,641	2,426
Total Revenues	<u>2,368,160</u>	<u>2,064,288</u>	<u>1,242,893</u>	<u>1,184,787</u>
<b><u>Expenditures</u></b>				
Current:				
General Government	1,114,948	-	-	-
Public Safety	-	1,970,477	-	1,025,040
Planning and Zoning	153,291	-	-	-
Public Works	32,233	-	-	-
Health and Welfare	31,171	-	-	-
Recreation and Cultural	-	-	1,090,006	-
Other	249,675	-	-	-
Debt Service:				
Principal	-	-	58,032	-
Interest and Other Charges	-	-	10,436	-
Capital Outlay	-	-	270,793	103,821
Total Expenditures	<u>1,581,318</u>	<u>1,970,477</u>	<u>1,429,267</u>	<u>1,128,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>786,842</u>	<u>93,811</u>	<u>(186,374)</u>	<u>55,926</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Loan Proceeds	-	-	225,000	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(547,368)	-	-	-
Total Other Financing Sources (Uses)	<u>(547,368)</u>	<u>-</u>	<u>225,000</u>	<u>-</u>
Net Change in Fund Balances	239,474	93,811	38,626	55,926
Fund Balances - Beginning	<u>1,040,637</u>	<u>160,139</u>	<u>193,528</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,280,111</u>	<u>\$ 253,950</u>	<u>\$ 232,154</u>	<u>\$ 55,926</u>

<u>Library</u>	<u>Building and Site</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,073,633	\$ -	\$ 1,865,832	\$ 7,364,187
-	-	159,655	180,204
43,059	-	31,390	1,065,754
-	-	-	613,666
19,596	-	-	79,978
-	-	173,863	173,863
56,933	38,447	68,354	385,059
9,628	-	85,571	623,378
<u>1,202,849</u>	<u>38,447</u>	<u>2,384,665</u>	<u>10,486,089</u>
-	-	418,162	1,533,110
-	-	625,945	3,621,462
-	-	-	153,291
-	-	23,473	55,706
-	-	-	31,171
1,094,623	-	-	2,184,629
-	-	172,757	422,432
-	-	655,000	713,032
-	-	423,989	434,425
153,621	1,736,417	183,042	2,447,694
<u>1,248,244</u>	<u>1,736,417</u>	<u>2,502,368</u>	<u>11,596,952</u>
<u>(45,395)</u>	<u>(1,697,970)</u>	<u>(117,703)</u>	<u>(1,110,863)</u>
-	-	-	225,000
-	300,524	-	300,524
-	24,092	523,276	547,368
-	-	-	(547,368)
<u>-</u>	<u>324,616</u>	<u>523,276</u>	<u>525,524</u>
(45,395)	(1,373,354)	405,573	(585,339)
<u>891,554</u>	<u>1,522,895</u>	<u>878,659</u>	<u>4,687,412</u>
\$ <u><u>846,159</u></u>	\$ <u><u>149,541</u></u>	\$ <u><u>1,284,232</u></u>	\$ <u><u>4,102,073</u></u>

**CHARTER TOWNSHIP OF OXFORD**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (585,339)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,592,189
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>502,050</u>
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Change in net assets in governmental activities	\$ <u><u>1,508,900</u></u>
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**CHARTER TOWNSHIP OF OXFORD**  
**Balance Sheet**  
**Proprietary Funds**  
**December 31, 2006**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash	\$ 6,399,219	\$ 1,122,669	\$ 7,521,888
Accounts Receivable	341,852	-	341,852
Due from Other Units	61,945	273,510	335,455
Total Current Assets	<u>6,803,016</u>	<u>1,396,179</u>	<u>8,199,195</u>
Restricted Assets - Cash	<u>-</u>	<u>3,443,498</u>	<u>3,443,498</u>
Fixed Assets:			
Land	-	428,533	428,533
Water Mains	-	13,258,366	13,258,366
Sewer Mains	6,261,536	-	6,261,536
Accumulated Depreciation	<u>(4,262,939)</u>	<u>(825,399)</u>	<u>(5,088,338)</u>
Net Fixed Assets	<u>1,998,597</u>	<u>12,861,500</u>	<u>14,860,097</u>
Total Assets	<u>\$ 8,801,613</u>	<u>\$ 17,701,177</u>	<u>\$ 26,502,790</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Current Liabilities:			
Accounts Payable	\$ 280,544	\$ 175,341	\$ 455,885
Due to Other Funds	-	5,229	5,229
Bonds Payable	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Total Current Liabilities	<u>280,544</u>	<u>430,570</u>	<u>711,114</u>
Noncurrent Liabilities:			
Bonds Payable	<u>-</u>	<u>10,450,000</u>	<u>10,450,000</u>
Fund Equity:			
Invested in Capital Assets, net of related debt	1,998,597	5,854,998	7,853,595
Unrestricted	<u>6,522,472</u>	<u>965,609</u>	<u>7,488,081</u>
Total Fund Equity	<u>8,521,069</u>	<u>6,820,607</u>	<u>15,341,676</u>
Total Liabilities and Fund Equity	<u>\$ 8,801,613</u>	<u>\$ 17,701,177</u>	<u>\$ 26,502,790</u>

**CHARTER TOWNSHIP OF OXFORD**  
**Statement of Revenues, Expenses and Changes in Fund Equity**  
**Proprietary Funds**  
**For the Year Ended December 31, 2006**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ <u>1,149,257</u>	\$ <u>12,408</u>	\$ <u>1,161,665</u>
Operating Expenses:			
Operations & Maintenance	1,120,176	216,774	1,336,950
Depreciation Expense	<u>149,915</u>	<u>123,390</u>	<u>273,305</u>
Total Operating Expenses	<u>1,270,091</u>	<u>340,164</u>	<u>1,610,255</u>
Operating Income (Loss)	<u>(120,834)</u>	<u>(327,756)</u>	<u>(448,590)</u>
Nonoperating Revenues (Expenses):			
Debt Surcharge	-	311,685	311,685
Interest Income	307,046	47,029	354,075
Interest Expense	<u>-</u>	<u>(447,070)</u>	<u>(447,070)</u>
Total Nonoperating Revenues (Expenses)	<u>307,046</u>	<u>(88,356)</u>	<u>218,690</u>
Income (Loss) Before Contributions	186,212	(416,112)	(229,900)
Capital Contributions	<u>132,150</u>	<u>835,927</u>	<u>968,077</u>
Net Income	318,362	419,815	738,177
Fund Equity - January 1	<u>8,202,707</u>	<u>6,400,792</u>	<u>14,603,499</u>
Fund Equity - December 31	\$ <u><u>8,521,069</u></u>	\$ <u><u>6,820,607</u></u>	\$ <u><u>15,341,676</u></u>

**CHARTER TOWNSHIP OF OXFORD**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2006**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 1,284,666	\$ 348,278	\$ 1,632,944
Payments to suppliers	(1,114,845)	(688,033)	(1,802,878)
Net Cash Provided (Used) by Operating Activities	<u>169,821</u>	<u>(339,755)</u>	<u>(169,934)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Construction of Capital Assets	(265,000)	(5,628,707)	(5,893,707)
Capital Contributions	132,150	835,927	968,077
Debt Surcharge	-	311,685	311,685
Interest Paid on Debt	-	(447,070)	(447,070)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(132,850)</u>	<u>(4,928,165)</u>	<u>(5,061,015)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest Earned	<u>307,046</u>	<u>47,029</u>	<u>354,075</u>
Net Increase (Decrease) in Cash and Cash Equivalents	344,017	(5,220,891)	(4,876,874)
Cash and Cash Equivalents, Beginning	<u>6,055,202</u>	<u>9,787,058</u>	<u>15,842,260</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,399,219</u>	<u>\$ 4,566,167</u>	<u>\$ 10,965,386</u>
<b><u>Balance Sheet Classifications:</u></b>			
Cash	\$ 6,399,219	\$ 1,122,669	\$ 7,521,888
Restricted Cash	-	3,443,498	3,443,498
Total Cash and Cash Equivalents	<u>\$ 6,399,219</u>	<u>\$ 4,566,167</u>	<u>\$ 10,965,386</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u></b>			
Operating Income (Loss)	\$ (120,834)	\$ (327,756)	\$ (448,590)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	149,915	123,390	273,305
(Increase) Decrease in Accounts Receivable	(31,439)	-	(31,439)
(Increase) Decrease in Due from Other Funds	-	190	190
(Increase) Decrease in Due from Other Units	167,038	335,680	502,718
Increase (Decrease) in Accounts Payable	5,331	(398,349)	(393,018)
Increase (Decrease) in Contracts Payable	-	(72,410)	(72,410)
Increase (Decrease) in Due to Other Funds	(190)	-	(190)
Increase (Decrease) in Due to Other Units	-	(500)	(500)
Net Cash Provided (Used) by Operating Activities:	<u>\$ 169,821</u>	<u>\$ (339,755)</u>	<u>\$ (169,934)</u>

**CHARTER TOWNSHIP OF OXFORD**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2006**

		<u>Agency Funds</u>	
	<u>Cemetery Trust Fund</u>	<u>Current Tax Collection</u>	<u>Trust &amp; Agency</u>
<u>ASSETS</u>			
Cash	\$ 43,241	\$ 5,166,114	\$ 201,207
<u>LIABILITIES</u>			
Due to Other	<u>-</u>	<u>5,166,114</u>	<u>201,207</u>
<u>NET ASSETS</u>			
Reserved for Cemetery	\$ <u>43,241</u>	\$ <u>-</u>	\$ <u>-</u>

CHARTER TOWNSHIP OF OXFORD  
Statement of Changes in Fiduciary Net Assets  
Cemetery Trust Fund  
For the Year Ended December 31, 2006

Additions:		
Interest Income	\$	1,367
Deductions:		
Maintenance Expense		<u>(1,367)</u>
Net Increase		-
Net Assets - Beginning		<u>43,241</u>
Net Assets - Ending	\$	<u><u>43,241</u></u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Oxford Township became a Charter Township by resolution of the Township Board. The Township is operated under a Board of Trustees form of government and provides the following services as authorized by law: public safety (police and fire), library, recreation, public improvements, building, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Charter Township of Oxford and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations and so data from these units is combined with data of the primary government. All component units of the Charter Township of Oxford are blended component units and as such, all their financial data has been combined with the data of the primary government in these financial statements. Each component unit has a December 31 year end.

B. Joint Ventures

North Oakland Transportation Authority

The Authority provides transportation services for the following six entities, the Charter Township of Oxford, the Charter Township of Orion, the Township of Addison, the Village of Lake Orion, the Village of Leonard and the Village of Oxford. The Authority's board consists of nine members of which the Charter Township of Oxford appoints two. For the fiscal year ended December 31, 2006, the Charter Township of Oxford provided \$83,823 to the Authority. The North Oakland Transportation Authority is not considered a part of the reporting entity of the Charter Township of Oxford. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 720 James Hunt Dr., PO Box 96, Oxford, Michigan 48371.

Oxford Public Fire & EMS Commission

The Oxford Public Fire and EMS Commission provided fire and emergency medical service to the Charter Township of Oxford and the Village of Oxford. The Commission's board consists of all board members of the Township and all council members of the Village. The Township of Oxford and the Village of Oxford are currently in the process of dissolving the Oxford Public Fire and EMS Commission (OPFEC). Effective January 1, 2006, the Township commenced operations of the fire and emergency services. Negotiations for the assets of the Commission are still in progress. The Oxford Public Fire and EMS Commission is not considered a part of the reporting entity of the Charter Township of Oxford. Separate financial statements of the joint venture may be obtained at Oxford Public Fire and EMS Commission, 96 S. Washington, PO Box 911, Oxford, Michigan 48371.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Police Contracting, Parks and Recreation, Fire & EMS and Library Funds are special revenue funds supported by voted operating tax levies. The Building and Site Fund is a capital projects fund used to accumulate resources for improvements and acquisitions of Township real and personal property.

In addition, the Township reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Township has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Township's enterprise funds are the Water and Sewer Funds, which are reported as major funds.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Proprietary Funds – Continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund types:

Cemetery Trust Funds – The Cemetery Trust Fund Accounts for the accumulation of perpetual care revenues from cemetery lot sales. The revenues earned on these accumulations can be used to offset maintenance expenses.

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes and the Township's adopted investment policy authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts Receivable Governmental</u>	<u>Accounts Receivable Enterprise</u>
Total	\$ 122,655	\$ 341,852
Less Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
Net Realizable Value	<u>\$ 122,655</u>	<u>\$ 341,852</u>

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

3. Capital Assets – Continued

are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-25
Equipment	5-15
Infrastructure	15-50

4. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due for payment. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. The total liability at December 31, 2006 is \$56,529.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

5. Long-term Obligations – Continued

portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$8,763,888 difference are as follows:

General Obligation Bonds and Contracts Payable	\$ 8,746,794
Compensated Absences Payable	<u>17,094</u>
	<u>\$ 8,763,888</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities – Continued

allocated over their estimated useful lives and reported as depreciation expense." The details of this \$1,592,189 difference are as follows:

Capital Outlay	\$ 2,447,694
Sale of Fixed Asset	(300,524)
Depreciation Expense	<u>(554,981)</u>
	<u>\$ 1,592,189</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$502,050 difference are as follows:

Principal Repayments	\$ 713,032
Decrease in Compensated Absences	14,018
Installment Loan Proceeds	<u>(225,000)</u>
	<u>\$ 502,050</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

A. Budgetary Information – Continued

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, prior to December 15, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted in September and October to obtain taxpayer comment.
3. Prior to December 15, the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Proprietary Fund budgets are prepared on a non-GAAP method.
6. Budget appropriations lapse at year end.
7. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
8. Budgeted amounts are reported as originally adopted and as amended by the Township Board. The budget was amended during fiscal year 2006.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of December 31, 2006.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978 – Continued

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The following departments had excess of expenditures over appropriations:

<u>General Fund</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Excess of Expenditures Over Appropriations</u>
Township Board	\$ 53,793	\$ 51,314	\$ 2,479
Board of Appeals	4,581	4,491	90
<u>Parks and Recreation Fund</u>			
Debt Service	68,468	55,800	12,668
Capital Outlay	270,793	102,650	168,143
<u>Police Fund</u>			
Public Safety	53,790	35,100	18,690

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information, as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk is the risk that in the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of December 31, 2006, the Township's book balance of its deposits was \$20,930,754. The bank balance was \$21,369,612 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 240,485
Uninsured and Uncollateralized	<u>21,129,127</u>
Total	<u>\$ 21,369,612</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

A reconciliation of cash to the accompanying financial statements follows:

Statement of Net Assets:	
Cash and Cash Equivalents	\$ 12,076,694
Restricted Assets-Cash	3,443,498
Trust Funds	43,241
Agency Funds	<u>5,367,321</u>
Total	<u>\$ 20,930,754</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 250,617	Demand
Money Market	\$ 13,026,006	Demand
Pooled Investments	\$ 3,443,498	Demand
Certificates of Deposit	\$ 4,649,491	177 Days

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, and certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 1,246,084	\$ 225,000	\$ (300,524)	\$ 1,170,560
Capital Assets, being depreciated:				
Building and Land Improvements	10,279,030	1,857,976	-	12,137,006
Vehicles	1,968,949	156,228	-	2,125,177
Machinery and Equipment	1,208,819	162,364	-	1,371,183
Infrastructure	94,654	46,126	-	140,780
	<u>13,551,452</u>	<u>2,222,694</u>	<u>-</u>	<u>15,774,146</u>
Less: Accumulated Depreciation:				
Building and Land Improvements	(2,029,015)	(246,361)	-	(2,275,376)
Vehicles	(533,897)	(136,552)	-	(670,449)
Machinery and Equipment	(569,508)	(163,828)	-	(733,336)
Infrastructure	(8,783)	(8,240)	-	(17,023)
	<u>(3,141,203)</u>	<u>(554,981)</u>	<u>-</u>	<u>(3,696,184)</u>
Governmental Activities				
Capital Assets, net	<u>\$11,656,333</u>	<u>\$1,892,713</u>	<u>\$ (300,524)</u>	<u>\$13,248,522</u>

Depreciated expense was charged to functions programs of the primary government as follows:

General Government	\$ 35,036
Public Safety	294,405
Planning and Zoning	2,822
Public Works	4,813
Recreational Cultural	<u>217,905</u>
	<u>\$ 554,981</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 139,253	\$ 289,280	\$ -	\$ 428,533
Capital Assets, being depreciated:				
Infrastructure	13,915,475	5,604,427	-	19,519,902
Less: Accumulated Depreciation:				
Infrastructure	<u>(4,815,033)</u>	<u>(273,305)</u>	<u>-</u>	<u>(5,088,338)</u>
Business-type Activities Capital Assets, net	<u><u>\$9,239,695</u></u>	<u><u>\$5,620,402</u></u>	<u><u>\$ -</u></u>	<u><u>\$14,860,097</u></u>

C. Interfund Receivables, Payables and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Enterprise Fund	\$ 5,229
General Fund	Building Fund	16,370
Advanced Life Support Fund	General Fund	539
		<u>\$ 22,138</u>
<u>Transfers In</u>	<u>Transfers Out</u>	
Road Fund	General Fund	\$ 24,092
Police Fund	General Fund	35,000
Cemetery Maintenance Fund	General Fund	24,092
Safety Path Fund	General Fund	24,092
Consent Judgment Fund	General Fund	416,000
Building and Site Fund	General Fund	24,092
		<u>\$ 547,368</u>

Inter Fund A/R and A/P represent un-cleared balances at year end, arising in the normal course of business.

Transfers from the General Fund to the other funds represent budgeted amounts to augment special projects.

Transfer from the General Fund to the Consent Judgment Fund represents a transfer of funds to comply with a consent judgment with the Village of Oxford.

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2006:

	Balance Jan 1, 2006	Additions	Reductions	Balance Dec 31, 2006	Due Within One Year
Governmental Activities:					
Installment Notes	\$ 4,826	\$ 225,000	\$ 58,032	\$ 171,794	\$ 54,926
General Obligation Bonds	9,230,000	-	655,000	8,575,000	700,000
Compensated Absence	31,112	-	14,018	17,094	-
	<u>\$ 9,265,938</u>	<u>\$ 225,000</u>	<u>\$ 727,050</u>	<u>\$ 8,763,888</u>	<u>\$ 754,926</u>
Business Activities:					
General Obligation Bonds	\$ 10,700,000	\$ -	\$ -	\$ 10,700,000	\$ 250,000
	<u>\$ 10,700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,700,000</u>	<u>\$ 250,000</u>

The following is a summary of general obligation debt outstanding of the Township as of December 31, 2006:

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Governmental Activities:				
Installment Notes	1	4.15%	2009	\$ 171,794
General Obligation Bonds	2	4.60%-5.10%	2016	8,575,000
				<u>\$ 8,746,794</u>
Business Activities:				
General Obligation Bonds	1	3.5%-4.5%	2030	<u>\$ 10,700,000</u>

The annual debt service requirements to maturity for debt outstanding as of December 31, 2006 is as follows:

Year Ended	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2007	\$ 754,926	\$ 399,383	\$ 250,000	\$ 447,070
2008	807,223	363,610	260,000	438,320
2009	864,645	325,223	270,000	428,320
2010	860,000	283,851	285,000	419,770
2011	915,000	241,990	300,000	409,795
2012-2016	4,545,000	495,830	1,725,000	1,691,207
2017-2021	-	-	2,175,000	1,484,222
2022-2026	-	-	2,735,000	980,004
2027-2031	-	-	2,700,000	310,500
	<u>\$ 8,746,794</u>	<u>\$ 2,109,887</u>	<u>\$ 10,700,000</u>	<u>\$ 6,609,208</u>

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at December 31, 2006, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Fund Balance</u>				
Reserved for:				
Capital Projects	\$ -	\$ -	\$ -	\$ 149,541
Debt Service	-	-	33,058	-
Total Reserved	-	-	33,058	149,541
Unreserved:				
Designated	-	168,523	-	-
Undesignated	1,280,111	2,470,840	-	-
Total Fund Balance	<u>\$ 1,280,111</u>	<u>\$ 2,639,363</u>	<u>\$ 33,058</u>	<u>\$ 149,541</u>

F. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)*</u>	<u>Per \$1,000 State Equalized Value</u>	
			<u>Authorized Rate (Post Rollback)*</u>	<u>Rate Levied</u>
Operating	State Law	1.4100	.9536	.9500
Police Services	Voter Approved	3.2400	2.9243	2.9243
Library	Voter Approved	1.0000	.6764	.6764
Library	Voter Approved	.8500	.7218	.7218
Parks and Recreation	Voter Approved	.9645	.8538	.8538
Fire/EMS	Voter Approved	1.5000	1.5000	1.5000
ALS	Voter Approved	1.0000	1.0000	1.0000
Library Debt	Voter Approved	As Needed	-	.4500
Fire Debt	Voter Approved	As Needed	-	.9800

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

V. OTHER INFORMATION

A. Library Contract Receivable

On July 23 ,1998, the Township library sold the old library building and land to the Village of Oxford for \$100,000. The amount is to be collected in annual payments of \$10,000 principal plus interest at the rate of 3%, per annum. As of December 31, 2006, \$10,000 of the contract receivable remained outstanding and is recorded in the Library Operating Fund.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
4-1-07	<u>\$ 10,000</u>	<u>\$ 300</u>

B. Risk Management

The Township is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation, and accidental death, dismemberment and disability liabilities. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

C. Fire and Emergency Services

The Township of Oxford and the Village of Oxford are currently in the process of dissolving the Oxford Public Fire and EMS Commission (OPFEC). Effective January 1, 2006, the Township commenced operations of the fire and emergency services. Negotiations for the assets of the Commission are still in progress. The Township residents approved 2 new millages for a period of 5 years at the May 2005 election, 1.5 mills for Fire Protection and Emergency Medical Services and 1.0 mill for Advanced Life Support Services, beginning with the Winter 2005 tax roll.

D. Defined Contribution Plans

The Township maintains three separate defined contribution pension plans for its elected officials and other qualified employees of the Township, Parks and Recreation, and Library. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees of the different plans are eligible to participate at varying dates of employment. The plans were established by Township ordinance, which may be revised by

CHARTER TOWNSHIP OF OXFORD  
Notes to Financial Statements  
December 31, 2006

V. OTHER INFORMATION – Continued

D. Defined Contribution Plans – Continued

amendment of the ordinance. Additional information for each plan follows:

	<u>General</u>	<u>Parks and Recreation</u>	<u>Library</u>
Plan Administrator	Manulife	Manulife	Various
Vesting	Immediate	Immediate	Immediate
Contribution Base	Base Compensation	Base Compensation	Base Compensation
Employer Contribution Rate	10-15%	15%	Discretionary
Employee Voluntary Contribution Rate	Up to 10%	Up to 10%	N/A
Numbered Participants	17	7	14
Employer Contribution	\$79,086	\$28,428	\$44,297
Employee Contribution	\$8,402	\$-0-	N/A

E. Contingent Liabilities

1. Property Tax Appeals

The Township has various property tax assessment appeals pending. The Township attorney is unable to determine the probable results and therefore no adjustments have been reflected in the financial statements.

2. Debt Service

In 2005, the Township issued general obligation bonds through Oakland County in the amount of \$10,700,000 for water system improvements. A significant source of repayment of the bonds was expected to be generated from collection of capital charges and tap fee revenues commencing in fiscal year 2006 and continuing through fiscal year 2034. The Township does not expect revenues used in the repayment plan to occur in the short or near term, which raised some doubt about the Township's ability to meet future debt payments after approximately fiscal year 2009. The Township is currently developing a plan to mitigate any shortfalls in debt service payments.

REQUIRED SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF OXFORD**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 735,000	\$ 664,669	\$ 736,068	\$ 71,399
Licenses and Permits	38,850	19,799	20,549	750
Intergovernmental - Federal	36,920	36,920	25,065	(11,855)
Intergovernmental - State	780,000	952,765	933,167	(19,598)
Charges for Services	59,600	59,436	59,120	(316)
Interest	43,529	115,402	127,079	11,677
Other	38,070	63,327	467,112	403,785
Total Revenues	<u>1,731,969</u>	<u>1,912,318</u>	<u>2,368,160</u>	<u>455,842</u>
Expenditures:				
General Government:				
Township Board	49,055	51,314	53,793	(2,479)
Township Supervisor	107,520	103,286	103,168	118
Elections	66,661	50,422	47,207	3,215
Assessor	137,380	155,551	151,526	4,025
Professional Fees	180,000	179,308	88,104	91,204
Township Clerk	133,983	132,178	132,168	10
Board of Review	4,070	3,702	3,686	16
Township Treasurer	136,540	129,432	125,289	4,143
Township Hall Building	31,489	36,735	26,714	10,021
Veterans Building	55,200	62,657	56,659	5,998
Cemetery	48,637	47,612	43,014	4,598
Other	209,490	311,759	283,620	28,139
Total General Government	<u>1,160,025</u>	<u>1,263,956</u>	<u>1,114,948</u>	<u>149,008</u>
Planning and Zoning:				
Planning Commission	172,444	170,940	148,710	22,230
Board of Appeals	11,100	4,491	4,581	(90)
Total Planning and Zoning	<u>183,544</u>	<u>175,431</u>	<u>153,291</u>	<u>22,140</u>
Public Works:				
Highways and Streets	18,100	17,168	17,168	-
Street Lighting	8,400	7,788	7,770	18
Engineering	20,000	15,123	7,295	7,828
Total Public Works	<u>46,500</u>	<u>40,079</u>	<u>32,233</u>	<u>7,846</u>
Health and Welfare:				
Citizen Programs	36,920	36,920	22,671	14,249
Social Services	15,170	8,500	8,500	-
Total Health and Welfare	<u>52,090</u>	<u>45,420</u>	<u>31,171</u>	<u>14,249</u>
Other Functions:				
Fringe Benefits	193,955	197,626	188,161	9,465
Insurance and Bonds	45,750	47,662	47,662	-
Contributions	15,105	13,852	13,852	-
Total Other Functions	<u>254,810</u>	<u>259,140</u>	<u>249,675</u>	<u>9,465</u>
Total Expenditures	<u>1,696,969</u>	<u>1,784,026</u>	<u>1,581,318</u>	<u>202,708</u>

(continued)

**CHARTER TOWNSHIP OF OXFORD**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Excess (Deficiency) of Revenues Over Expenditures	\$ 35,000	\$ 128,292	\$ 786,842	\$ 658,550
Other Financing Uses: Operating Transfers Out	<u>(35,000)</u>	<u>(131,368)</u>	<u>(547,368)</u>	<u>(416,000)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>(3,076)</u>	239,474	\$ <u>242,550</u>
Fund Balance - January 1			<u>1,040,637</u>	
Fund Balance - December 31			\$ <u>1,280,111</u>	

**CHARTER TOWNSHIP OF OXFORD**  
**Police Contracting Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property Taxes	\$ 1,893,535	\$ 1,893,535	\$ 1,882,267	\$ (11,268)
Intergovernmental-State	7,000	7,454	26,772	19,318
Charges for Services	65,190	66,050	46,946	(19,104)
Fines and Forfeitures	49,150	51,700	60,382	8,682
Interest	2,500	35,133	47,921	12,788
Total Revenues	2,017,375	2,053,872	2,064,288	10,416
Expenditures:				
Public Safety	2,017,375	2,053,872	1,970,477	83,395
Excess (Deficiency) of Revenue Over Expenditures	\$ -	\$ -	93,811	\$ 93,811
Fund Balance - January 1			160,139	
Fund Balance - December 31			\$ 253,950	

**CHARTER TOWNSHIP OF OXFORD**  
**Parks and Recreation Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property Taxes	\$ 661,200	\$ 661,200	\$ 655,581	\$ (5,619)
Intergovernmental-State	-	-	3,085	3,085
Charges for Services	627,081	627,081	503,601	(123,480)
Interest	6,500	6,500	21,985	15,485
Other	-	-	58,641	58,641
Total Revenues	<u>1,294,781</u>	<u>1,294,781</u>	<u>1,242,893</u>	<u>(51,888)</u>
Expenditures:				
Recreation	1,136,331	1,136,331	1,090,006	46,325
Debt Service:				
Principal	55,800	55,800	58,032	(2,232)
Interest and Fees	-	-	10,436	(10,436)
Capital Outlay	102,650	102,650	270,793	(168,143)
Total Expenditures	<u>1,294,781</u>	<u>1,294,781</u>	<u>1,429,267</u>	<u>(134,486)</u>
Excess (Deficiency) of Revenue Over Expenditures	-	-	(186,374)	(186,374)
Other Financing Sources:				
Loan Proceeds	-	-	225,000	225,000
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	38,626	\$ <u>38,626</u>
Fund Balance - January 1			<u>193,528</u>	
Fund Balance - December 31			\$ <u><u>232,154</u></u>	

**CHARTER TOWNSHIP OF OXFORD**  
**Fire & EMS Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 1,157,706	\$ 1,159,937	\$ 1,150,806	\$ (9,131)
Intergovernmental-State	-	1,493	3,216	1,723
Charges for Services	2,100	5,991	3,999	(1,992)
Interest	808	25,832	24,340	(1,492)
Other	-	23,511	2,426	(21,085)
Total Revenues	<u>1,160,614</u>	<u>1,216,764</u>	<u>1,184,787</u>	<u>(31,977)</u>
Expenditures:				
Public Safety:				
Fire Contract	785,825	722,057	752,755	(30,698)
EMS	222,113	311,313	272,285	39,028
Capital Outlay	<u>152,676</u>	<u>178,720</u>	<u>103,821</u>	<u>74,899</u>
Total Expenditures	<u>1,160,614</u>	<u>1,212,090</u>	<u>1,128,861</u>	<u>83,229</u>
Excess (Deficiency) of Revenue Over Expenditures	\$ <u>-</u>	\$ <u>4,674</u>	55,926	\$ <u>51,252</u>
Fund Balance - January 1			<u>-</u>	
Fund Balance - December 31			\$ <u>55,926</u>	

**CHARTER TOWNSHIP OF OXFORD**  
**Library Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property Taxes	\$ 1,059,000	\$ 1,052,723	\$ 1,073,633	\$ 20,910
Intergovernmental-State	13,936	17,131	17,993	862
Intergovernmental-Local	21,400	25,066	25,066	-
Fines	25,000	20,000	19,596	(404)
Interest	25,000	47,000	56,933	9,933
Other	25,000	16,000	9,628	(6,372)
Total Revenues	<u>1,169,336</u>	<u>1,177,920</u>	<u>1,202,849</u>	<u>24,929</u>
Expenditures:				
Operating	1,171,985	1,155,250	1,094,623	60,627
Capital Outlay	276,169	301,488	153,621	147,867
Total Expenditures	<u>1,448,154</u>	<u>1,456,738</u>	<u>1,248,244</u>	<u>208,494</u>
Net Change in Fund Balance	\$ <u>(278,818)</u>	\$ <u>(278,818)</u>	(45,395)	\$ <u>233,423</u>
Fund Balance - January 1			<u>891,554</u>	
Fund Balance - December 31			\$ <u>846,159</u>	

**CHARTER TOWNSHIP OF OXFORD**  
**Building and Site Capital Project Fund**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2006**

Revenues:	
Interest	\$ 38,447
Expenditures:	
Construction	<u>1,736,417</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(1,697,970)</u>
Other Financing Sources:	
Operating Transfer In	24,092
Sale of Fixed Assets	<u>300,524</u>
Total Other Financing Sources	<u>324,616</u>
Net Change in Fund Balance	(1,373,354)
Fund Balance - January 1	<u>1,522,895</u>
Fund Balance - December 31	\$ <u><u>149,541</u></u>

OTHER SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF OXFORD**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,191,725	\$ 33,181	\$ 1,224,906
Accounts Receivable	95,034	-	95,034
Due from Other Funds	539	-	539
Prepaid Expenditures	<u>10,688</u>	<u>-</u>	<u>10,688</u>
Total Assets	<u>\$ 1,297,986</u>	<u>\$ 33,181</u>	<u>\$ 1,331,167</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 26,836	\$ -	\$ 26,836
Accrued Liabilities	3,606	-	3,606
Due to Other Funds	16,370	-	16,370
Deferred Revenue	<u>-</u>	<u>123</u>	<u>123</u>
Total Liabilities	<u>46,812</u>	<u>123</u>	<u>46,935</u>
Fund Balance:			
Reserved for :			
Debt Service	-	33,058	33,058
Unreserved	<u>1,251,174</u>	<u>-</u>	<u>1,251,174</u>
Total Fund Balance	<u>1,251,174</u>	<u>33,058</u>	<u>1,284,232</u>
Total Liabilities and Fund Balance	<u>\$ 1,297,986</u>	<u>\$ 33,181</u>	<u>\$ 1,331,167</u>

**CHARTER TOWNSHIP OF OXFORD**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2006**

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 767,801	\$ 1,098,031	\$ 1,865,832
Licenses and Permits	159,655	-	159,655
Intergovernmental	31,390	-	31,390
Franchise Fees	173,863	-	173,863
Interest	55,327	13,027	68,354
Other	82,274	3,297	85,571
Total Revenues	<u>1,270,310</u>	<u>1,114,355</u>	<u>2,384,665</u>
<u>Expenditures:</u>			
General Government	418,162	-	418,162
Public Safety	625,945	-	625,945
Public Works	23,473	-	23,473
Other	160,674	12,083	172,757
Debt Service:			
Principal	-	655,000	655,000
Interest and Other Charges	-	423,989	423,989
Capital Outlay	183,042	-	183,042
Total Expenditures	<u>1,411,296</u>	<u>1,091,072</u>	<u>2,502,368</u>
Excess (Deficiency) of Revenues Over Expenditures	(140,986)	23,283	(117,703)
Other Financing Sources:			
Operating Transfers In	<u>523,276</u>	<u>-</u>	<u>523,276</u>
Net Change in Fund Balances	382,290	23,283	405,573
Fund Balances - January 1	<u>868,884</u>	<u>9,775</u>	<u>878,659</u>
Fund Balances - December 31	\$ <u><u>1,251,174</u></u>	\$ <u><u>33,058</u></u>	\$ <u><u>1,284,232</u></u>

**CHARTER TOWNSHIP OF OXFORD**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**December 31, 2006**

	<u>Building</u>	<u>Fire</u>	<u>Advanced Life Support</u>	<u>Cable Television</u>	<u>Road</u>
<b><u>ASSETS</u></b>					
Cash	\$ 142,063	\$ 79,415	\$ 547,268	\$ 200,196	\$ 32,510
Accounts Receivable	262	5,426	-	89,346	-
Due from Other Funds	-	-	539	-	-
Prepaid Expenditures	<u>3,554</u>	<u>1,641</u>	<u>-</u>	<u>732</u>	<u>-</u>
Total Assets	<u>\$ 145,879</u>	<u>\$ 86,482</u>	<u>\$ 547,807</u>	<u>\$ 290,274</u>	<u>\$ 32,510</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities:					
Accounts Payable	\$ 7,219	\$ -	\$ 17,578	\$ 1,639	\$ -
Accrued Liabilities	3,606	-	-	-	-
Due to Other Funds	<u>16,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	27,195	-	17,578	1,639	-
Fund Balance:					
Unreserved:					
Undesignated	<u>118,684</u>	<u>86,482</u>	<u>530,229</u>	<u>288,635</u>	<u>32,510</u>
Total Liabilities and Fund Balance	<u>\$ 145,879</u>	<u>\$ 86,482</u>	<u>\$ 547,807</u>	<u>\$ 290,274</u>	<u>\$ 32,510</u>

<u>Cemetery Maintenance</u>	<u>Police Narcotics</u>	<u>Safety Path</u>	<u>Police</u>	<u>Telecom- munication</u>	<u>Consent Judgment</u>	<u>Total</u>
\$ 67,582	\$ 4,523	\$ 65,201	\$ 19,861	\$ 33,106	\$ -	\$ 1,191,725
-	-	-	-	-	-	95,034
-	-	-	-	-	-	539
-	-	-	4,761	-	-	10,688
<u>\$ 67,582</u>	<u>\$ 4,523</u>	<u>\$ 65,201</u>	<u>\$ 24,622</u>	<u>\$ 33,106</u>	<u>\$ -</u>	<u>\$ 1,297,986</u>

\$ -	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ 26,836
-	-	-	-	-	-	3,606
-	-	-	-	-	-	16,370
-	-	400	-	-	-	46,812

<u>67,582</u>	<u>4,523</u>	<u>64,801</u>	<u>24,622</u>	<u>33,106</u>	<u>-</u>	<u>1,251,174</u>
<u>\$ 67,582</u>	<u>\$ 4,523</u>	<u>\$ 65,201</u>	<u>\$ 24,622</u>	<u>\$ 33,106</u>	<u>\$ -</u>	<u>\$ 1,297,986</u>

**CHARTER TOWNSHIP OF OXFORD**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2006**

	<u>Building</u>	<u>Fire</u>	<u>Advanced Life Support</u>	<u>Cable Television</u>	<u>Road</u>
Revenues:					
Property Taxes	\$ -	\$ 585	\$ 767,216	\$ -	\$ -
Licenses and Permits	159,655	-	-	-	-
Intergovernmental - State	-	2,078	-	-	-
Intergovernmental - Local	-	-	-	7,512	-
Franchise Fees	-	-	-	173,863	-
Interest	8,829	3,797	26,825	8,795	951
Other	49	-	1,393	10,872	-
Total Revenues	<u>168,533</u>	<u>6,460</u>	<u>795,434</u>	<u>201,042</u>	<u>951</u>
Expenditures:					
Current:					
General Government	-	-	-	-	-
Public Safety	320,645	116,488	85,763	-	-
Public Works	-	-	-	-	23,473
Other	-	-	-	160,674	-
Capital Outlay	-	-	179,442	-	-
Total Expenditures	<u>320,645</u>	<u>116,488</u>	<u>265,205</u>	<u>160,674</u>	<u>23,473</u>
Excess (Deficiency) of Revenues Over Expenditures	(152,112)	(110,028)	530,229	40,368	(22,522)
Other Financing Sources:					
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,092</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(152,112)	(110,028)	530,229	40,368	1,570
Fund Balance - January 1	<u>270,796</u>	<u>196,510</u>	<u>-</u>	<u>248,267</u>	<u>30,940</u>
Fund Balance - December 31	<u>\$ 118,684</u>	<u>\$ 86,482</u>	<u>\$ 530,229</u>	<u>\$ 288,635</u>	<u>\$ 32,510</u>

<u>Cemetery Maintenance</u>	<u>Police Narcotics</u>	<u>Safety Path</u>	<u>Police</u>	<u>Telecom- munication</u>	<u>Consent Judgment</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 767,801
-	-	-	-	-	-	159,655
-	-	-	-	11,648	-	13,726
-	-	-	10,152	-	-	17,664
-	-	-	-	-	-	173,863
2,049	187	1,766	985	1,143	-	55,327
-	-	39,160	30,800	-	-	82,274
<u>2,049</u>	<u>187</u>	<u>40,926</u>	<u>41,937</u>	<u>12,791</u>	<u>-</u>	<u>1,270,310</u>
2,162	-	-	-	-	416,000	418,162
-	-	49,259	53,790	-	-	625,945
-	-	-	-	-	-	23,473
-	-	-	-	-	-	160,674
3,600	-	-	-	-	-	183,042
<u>5,762</u>	<u>-</u>	<u>49,259</u>	<u>53,790</u>	<u>-</u>	<u>416,000</u>	<u>1,411,296</u>
(3,713)	187	(8,333)	(11,853)	12,791	(416,000)	(140,986)
<u>24,092</u>	<u>-</u>	<u>24,092</u>	<u>35,000</u>	<u>-</u>	<u>416,000</u>	<u>523,276</u>
20,379	187	15,759	23,147	12,791	-	382,290
<u>47,203</u>	<u>4,336</u>	<u>49,042</u>	<u>1,475</u>	<u>20,315</u>	<u>-</u>	<u>868,884</u>
\$ <u><u>67,582</u></u>	\$ <u><u>4,523</u></u>	\$ <u><u>64,801</u></u>	\$ <u><u>24,622</u></u>	\$ <u><u>33,106</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,251,174</u></u>

**CHARTER TOWNSHIP OF OXFORD**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**December 31, 2006**

	<u>Library Debt</u>	<u>Fire Debt</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ <u>17,988</u>	\$ <u>15,193</u>	\$ <u>33,181</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Deferred Revenue	\$ 39	\$ 84	\$ 123
Fund Balance:			
Reserved for Debt Service	<u>17,949</u>	<u>15,109</u>	<u>33,058</u>
Total Liabilities and Fund Balance	\$ <u>17,988</u>	\$ <u>15,193</u>	\$ <u>33,181</u>

**CHARTER TOWNSHIP OF OXFORD**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2006**

	<u>Library Debt</u>	<u>Fire Debt</u>	<u>Total</u>
Revenues:			
Property Taxes	\$ 345,513	\$ 752,518	\$ 1,098,031
Interest	4,484	8,543	13,027
Other	3,281	16	3,297
Total Revenues	<u>353,278</u>	<u>761,077</u>	<u>1,114,355</u>
Expenditures:			
Principal	190,000	465,000	655,000
Interest and Fees	148,625	275,364	423,989
Other	3,709	8,374	12,083
Total Expenditures	<u>342,334</u>	<u>748,738</u>	<u>1,091,072</u>
Excess (Deficiency) of Revenues Over Expenditures	10,944	12,339	23,283
Fund Balance - January 1	<u>7,005</u>	<u>2,770</u>	<u>9,775</u>
Fund Balance - December 31	\$ <u>17,949</u>	\$ <u>15,109</u>	\$ <u>33,058</u>

# POST, SMYTHE, LUTZ and ZIEL

of Plymouth LLP  
*Certified Public Accountants*

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May 29, 2007

Board of Trustees  
Charter Township of Oxford  
Oakland County, Michigan

In planning and performing our audit of the Charter Township of Oxford for the year ended December 31, 2006, we have considered the Township's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions in these areas. This letter does not affect our report dated May 29, 2007, on the financial statements of the Charter Township of Oxford.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies or assist in their implementation.

Respectfully,



Post, Smythe, Lutz and Ziel of Plymouth LLP  
Certified Public Accountants

### Debt Service

In 2005, the Township issued general obligation bonds through Oakland County for water system improvements. The Township anticipated collecting capital charges and tap fee revenues as the major source of repayment of the bonds. Due to current economic conditions, the revenues that were anticipated have already fallen short of the initial projections, and therefore it raises some doubt about the Township's ability to meet future debt payments. Based on our analysis, it appears that the difficulty in making the water debt payments may arise after approximately fiscal year 2009. The Township should continue to work on a plan to mitigate any shortfalls in debt service payments.

### Property Tax Accounting

Internal controls on property tax disbursements could be strengthened with additional segregation of duties, and better use of the general ledger accounting system. Specifically, we noted that general ledger postings of cash receipts and disbursements were not used to serve as a control environment over this activity. We recommend that the general ledger postings be reviewed monthly by the Clerk's office, and bank reconciliations be accomplished by reconciliation to the general ledger cash balance. All disbursements should be mailed by the Clerk's office, and prior to settlement, the Clerk and Treasurer should reconcile the proposed settlements to the general ledger balances.

### Library

The Township Library is currently using a combination of QuickBooks software and Excel spreadsheets to accomplish their bookkeeping and to provide monthly reports to the Library Board. We recommend that the Library look into utilizing QuickBooks software to its full potential to maintain a complete set of records and ultimately to be able to prepare financial reports directly from QuickBooks.

Also, the Library prepares their own payroll and files their own payroll tax forms. All other departments of the Township are using an external payroll processing service to process their payroll and file the related tax forms. We recommend that the Library investigate the benefits of using an outside payroll service to process their payroll as well as limit their liability on payroll tax issues, which are continually changing and becoming more complex.

### Upcoming Reporting Change

The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Post employment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the Township as a whole to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid, in the "Entity Wide" financial statements. The new pronouncement is effective for the year ending December 31, 2008, and will require actuarial valuations of the liability at least tri-annually.